

Message Text

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PAGE 01 OTTAWA 03492 052320Z

ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 EB-07 DOTE-00 /020 W

-----062122Z 028406 /46

R 052256Z MAY 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 3353

INFO AMCONSUL MONTREAL

ALL OTHER CANADIAN CONSULS (BY POUCH)

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PASS COMMERCE OED/MEPD FOR SMITH

PASS DOT FOR OST, UMTA AND FRA

E.O. 11652:N/A

TAGS: BENC, CA

SUBJECT: MAJOR PROJECT: TRANSPORT CANADA RAILCAR
PROCUREMENT

REF: OTTAWA 2766, OTTAWA 2997, STATE 96314

1. LAST TWO PARAGRAPHS OF STATE 78272 CONVEYED IMPRESSION OF GENERAL U.S. OPENNESS IN PUBLIC PROCUREMENTS OF TRANSIT CARS WHICH WE USED IN OUR DISCUSSIONS WITH CAMERON. WE HAVE SUBSEQUENTLY LEARNED OF A POSSIBLY REVERSE SITUATION WHICH, WHEN IT PERCOLATES UPWARD IN THE CANADIAN TRADE POLICY SYSTEM, MAY BE CITED AGAINST US IN FUTURE REPRESENTATIONS WE MAY MAKE ANALOGOUS TO THAT ON BEHALF OF BUDD.

2. ON MAY 5, AN OFFICIAL OF THE URBAN TRANSPORTATION DEVELOPMENT CORPORATION (UTDC)--A PROVINCE OF ONTARIO CROWN CORPORATION--TOLD TCO OF DIFFICULTIES HIS FIRM WAS CURRENTLY HAVING WITH CLEVELAND STREET-CAR BIDDING INVOLV-
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ING SPECIFICATIONS DEVELOPED IN COOPERATION WITH DOT'S URBAN MASS TRANSPORT ADMINISTRATION. HE ALLEGED THESE SPECIFICATIONS HAVE BEEN CHANGED TO ASSURE U.S. MANUFACTURE BY PRESCRIBING REQUIREMENTS FITTING THE DESIGNS OF BOEING VERTOL. UNDER THE ORIGINAL SPECIFICATIONS, UTDC COULD HAVE TENDERED TO SUPPLY SEVENTY CARS OF A DESIGN BEING MANUFACTURED FOR TORONTO TRANSPORTATION COMMISSION AT A

VERY ATTRACTIVE UNIT PRICE AS THEY WOULD BE AN ADD-ON TO ANOTHER ORDER. NOW IT APPEARS THAT UTDC WILL HAVE TO ENTER INTO PARTNERSHIP WITH BUDD TO TENDER AND THE CARS WOULD THEN HAVE TO BE MADE IN THE U.S. THE UTDC FEELS, HE INDICATED, THAT UMTA (WHICH WILL FUND 80 PERCENT) IS CONNIVING WITH CLEVELAND IN CREATING A TRADE BARRIER WHICH WILL ADD SUBSTANTIALLY TO THE COSTS OF MEETING THAT CITY'S TRANSIT REQUIREMENT. HE SAID UTDC IS NOT MAKING A TRADE POLICY ISSUE OF THIS, BUT GIVEN THE CLOSE RELATIONSHIPS WHICH EXIST BETWEEN THE FEDERAL AND PROVINCIAL INDUSTRIAL DEVELOPMENT AUTHORITIES, WE CAN BE SURE THE UTDC VIEW WILL COME TO FEDERAL ATTENTION. THIS IS UNFORTUNATE SINCE IN A CONVERSATION SOME MONTHS AGO WITH THE FEDERAL INDUSTRY, TRADE AND COMMERCE OFFICIAL RESPONSIBLE FOR THE RAIL EQUIPMENT MANUFACTURING INDUSTRY HE WENT OUT OF HIS WAY TO PRAISE THE OPPORTUNITIES THE U.S.--ESPECIALLY THROUGH UMTA PROGRAMS--PROVIDES FOR COMPETITION FROM CANADIAN AND OTHER FOREIGN SUPPLIERS TO THE BENEFIT OF BOTH CANADIAN INDUSTRY AND THE U.S. MASS TRANSPORT SYSTEMS.

3. EMBASSY SUGGESTS IT WOULD BE APPROPRIATE FOR THE DEPARTMENTS OF COMMERCE AND TRANSPORTATION TO DISCUSS THIS SITUATION, AS WELL AS THE AMTRAK QUESTION, WITH A VIEW TO PERHAPS DEVELOPING A CONSISTENT POLICY REFLECTING BOTH OUR EXPORT AND TRANSIT INTERESTS, BETWEEN THE U.S. AND CANADA AT LEAST. ENDERS

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